



Capital Forecast as at 31st August 2019

CYNGORSIR *POWYS* COUNTY COUNCIL

County Councillor Aled Davies

Portfolio Holder for Finance

Overview

This report presents the forecast outturn on the 2019-20 capital budget as at 31st August 2019.

The revised working budget for the 2019/20 Capital Programme, after accounting for approved virements, is £112.514m (The Original budget was £92.344m). The increase in budget is largely due to virements from previous year's programme 2018/19, additional grant funding and roll forward into 2019/20.

Capital Position

Summary

The revised working budget for the 2019/20 Capital Programme, after accounting for approved virements, is £112.514m (The Original budget was £92.344m). The increase in budget is largely due to virements from previous year's programme 2018/19, additional grant funding and roll forward into 2019/20.

A Capital Review has been undertaken by Services to identify if any projects should be rolled forward. A report was presented to EMT on 25th September.

Currently it is estimated that 3.4% of our net revenue budget of £255m is supporting the past and present capital spend. It is essential that the investment in our capital programme is affordable over the short, medium and longer term.

Table 1 below summarises the position for each portfolio and service.

Table 1: Capital Table as at 31st August 2019

| Service | Original Budget | Virements Approved | Virements Required by Cabinet | Virements Required by Council | Revised Working Budget 2018/19 as at 31st August 2019 (after virements approved and required) | Actuals & Commitments | Remaining Budget | |
|--|-----------------|--------------------|-------------------------------|-------------------------------|---|-----------------------|------------------|--------------|
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | % |
| Childrens & Adults | | | | | | | | |
| Adult Services | 290 | 1,400 | -260 | 0 | 1,430 | 732 | 698 | 48.8% |
| Childrens Services | 0 | 1,211 | 0 | 0 | 1,211 | 14 | 1,197 | 98.8% |
| Education | 44,818 | 12,098 | 0 | -26,113 | 30,803 | 10,678 | 20,125 | 65.3% |
| Economy & Environment | | | | | | | | |
| Highways Transport & Recycling | 15,151 | 5,746 | 0 | 0 | 20,897 | 8,264 | 12,633 | 60.5% |
| Property, Planning & Public Protection | 2,046 | 4,221 | 0 | 0 | 6,267 | 3,364 | 2,903 | 46.3% |
| Housing & Community Development | 8,753 | 5,015 | 0 | 0 | 13,768 | 1,730 | 12,038 | 87.4% |
| Organisational Transformation | | | | | | | | |
| Digital & Communication Services | 973 | 1,664 | 0 | 0 | 2,637 | 182 | 2,455 | 93.1% |
| Legal & Democratic Services | 0 | 22 | 0 | 0 | 22 | 22 | 0 | 0.0% |
| Finance | 3,650 | -24 | 0 | 0 | 3,626 | 563 | 3,063 | 84.5% |
| Total Capital | 75,681 | 31,353 | -260 | -26,113 | 80,661 | 25,549 | 55,112 | 68.3% |
| Housing Revenue Account | 16,662 | 15,191 | 0 | 0 | 31,853 | 11,857 | 19,996 | 62.8% |
| TOTAL | 92,343 | 46,544 | -260 | -26,113 | 112,514 | 37,406 | 75,108 | 66.8% |

1 - Actual and committed expenditure amounts to £37.406m, of this £20.352m is the committed figure, representing in total 33.2% of the total budget.

Table 2: Funding of the Capital Budget as at 31st August, 2019

| Funding | | | | | | |
|---|---------------------|----------------------|---------------|---------------------------|------------------|----------------|
| Service | Supported Borrowing | Prudential Borrowing | Grants | Revenue Cont'S To Capital | Capital Receipts | Total |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Revised Working Budget 2018/19 as at 31st August 2019 (after virements approved and required) | | | | | | |
| Capital | 10,487 | 39,892 | 22,934 | 3,103 | 4,245 | 80,661 |
| HRA | 0 | 17,678 | 10,344 | 3,831 | 0 | 31,853 |
| Total | 10,487 | 57,570 | 33,278 | 6,934 | 4,245 | 112,514 |

2 - The funding of the capital programme is shown in Table 2 below. It has been revised from the original budget of £92.343m to £111.774m as at 31st August, 2019 to reflect actual expenditure incurred.

Service Updates

Highways, Transport and Recycling - Plans are in place to spend the capital budget; any slippage will be reported and managed promptly.

Housing and Community Development – Capital Projects are progressing

Digital and Communications - Our capital budget is £2,637,000 and currently we have a significant amount of that funding remaining. We have recently completed a Capital review and re-profile to reflect the work and plans within the department, which will significantly decrease the level of Capital funding that we will require for 2019. We will continue to monitor Capital spend, utilising the funding where appropriate. It should also be noted that a number of our savings proposals for the next three years are based on sufficient and appropriate spend against Capital funding.

Finance - The capital budget comprises the Transformation Projects funded from the Capitalisation Direction and the Unallocated Capital budgets. The Transformation costs to date of £0.563m are included in Table 1. The revised forecast for this budget is £3.12m.

Education - Work on the Band A and Band B phases of the 21st Century Schools programme is generally progressing well. Welshpool Church in Wales project, Ysgol Bro Hyddgen and Ysgol Gymraeg y Trallwng projects, are delayed due to the main contractor entering administration.

Welshpool Church in Wales Primary School – preparations are underway to go to tender for a contractor to complete the construction of this school, following the collapse of Dawnus Construction Ltd. The authority will also enter into direct contract with the architectural designers and M & E designers in order to provide continuity for the remainder of the scheme.

Ysgol Bro Hyddgen and Ysgol Gymraeg y Trallwng – next stage is to proceed to tender stage for new contractors to take forward the construction of these two schools, following the collapse of Dawnus.

Spend to date has focussed on Brecon High School, which is due to open to pupils in November, and Ysgol Carno and Glantwymyn projects. Ysgol Carno opened in March 2018 and works at Glantwymyn are scheduled to complete by the end of the year.

The forecast figures mainly relate to further design production working towards planning application stages on Calon Cymru, Gwernyfed High School, Brynllwarch and Cedewain projects.

The Major improvement programme has 75 schemes in 2019/20, including schemes carried forward from 2018/19 and additional schemes approved by cabinet on the 30th July 2019. There are 19 scheme to commission, 2 schemes commissioned, 2 schemes on hold, 5 schemes at the design stage, 7 are out to tender, 9 under construction and 31 schemes have been handed over to the end user. Any uncommitted funding within projects will be reallocated back to the programme contingency to provide for emergencies, unforeseeable and legislative requirements and budget fluctuations over the course of the year and to ensure school service continuity.

Virements

Some projects within the Capital Programme require amendment and the following budget virements are proposed to reflect this. Those over £500k are recommended for approval by the Council.

Adult Services – Mobile Working and Transformation -£260K

Funding of £360k was made available to Adult Social Care in 2014/15 to provide equipment to support mobile working. The equipment has not been purchased due to the on-going revenue costs for maintenance and refresh programme. The budget has been rolled over annually.

The project has been reviewed and it is now recommended that the project can be implemented for £100k, the remaining £260k is therefore not now required and can be removed.

Highways, Transport & Recycling - £4,771,908

The capital programme includes £1.5m core allocation for Highways together with £3.9m to support the Highways Asset Management Plan (HAMP). The service have now prioritised the projects that they will undertake this year and these are detailed in the table below. The remaining £678,092 is yet to be allocated.

Table 3 Core and HAMP Virements

| | CORE | HAMP |
|---|------------------|------------------|
| Original Allocation | 1,500,000 | 3,950,000 |
| Allocated to: | | |
| Integrated Transport | - | 350,000 |
| Major Remedial Earthworks | - | 154,717 |
| Structural Drainage Improvements | - | 263,000 |
| Highway Strengthening (Resurfacing) | 1,170,466 | 284,191 |
| Structural Repair of Town Centre Footways | 194,000 | - |
| Structures Strengthening and Renewals (eg. Bridges) | - | 420,000 |
| Surface Dressing | - | 1,800,000 |
| Estates Enhancement | 28,034 | - |
| Road Safety & Traffic Management | 57,500 | - |
| Flood Alleviation | 50,000 | - |
| Allocation Remaining | - | 678,092 |

Grants Received

The following grants have been received since the last report and are included for information.

£205,842 – Highways, Transport and Recycling

A combination of new grant and increases to existing funding for use on flood alleviation schemes made up of:

- £174,250 awarded from Welsh Government as part of 2019/20 Flood and Coastal Erosion Risk Management (FCERM) Programme.
- £5,100 grant funding increase for Swn-y-nant scheme.
- £26,492 grant funding increase for Llanspyddid scheme.

£1,029,872 Capital Funding to Support Economic Stimulus

The purpose of the Funding is set out in the Minister for Finance and Trefnydd Written Statement: Capital Investment Package on 18 June 2019.

This broad package will enable the council to:

- invest in capital schemes to drive important changes in communities.
- fund a range of projects that can be delivered quickly in year, providing economic benefits which are aligned with the Welsh Government's priorities and which can stimulate wider economic demand at a time when it is needed most.
- consider any positive impacts on biodiversity and the environment that can be delivered through the investment of this funding.

Capital Receipts

Capital receipts received during August are £318,000. The total receipts for the year is now £648,000. This comprises £10,000 vehicle receipts, £585,500 property receipts and £52,500 county farms. The year end forecast is £6.782m. A property auction is due to take place in the autumn and preparatory work has started.

The year end forecast is dependent on the properties selling at auction, the transfers to Housing completing within the current financial year and the completion of other agreed sales in negotiation.

Corporate

Options Considered/Available

No alternative options are considered appropriate as a result of this report.

Preferred Choice and Reasons

None to consider.

Impact Assessment

No impact assessment required

Corporate Improvement Plan

To achieve the Corporate Improvement Plan (CIP) objectives the Council undertakes forward planning with its medium-term financial strategy (MTFS) - this sets out the financial requirements to deliver the short and longer term council vision. Capital and revenue budget monitoring reports are used to ensure the funding identified to deliver the council priorities is spent appropriately and remains within a cash limited budget.

Local Member(s)

This report relates to all service areas across the whole County.

Other Front Line Services

This report relates to all service areas across the whole County.

Communications

Budget information is of interest to internal and external audiences and regular updates are provided by the Portfolio Holder for Finance. Detailed finance reports are presented to Heads of Service, Cabinet and the Audit Committee. These reports are public and are part of a range of statutory and non-statutory financial information documents including the Statement of Accounts.

Support Services (Legal, Finance, HR, ICT, BPU)

This report has no specific impact on support services other than reporting on those service areas financial outturns. Financial Services work closely with all service areas in monitoring financial performance against budgets.

Scrutiny

Has this report been scrutinised? No

The report will be considered by Finance panel when it meets on the 7th August, feedback will be provided to the Portfolio Holder for Finance.

Data Protection

If the proposal involves the processing of personal data then the Data Protection Officer must be consulted and their comments set out below.

Statutory Officers and Members Interest

Statutory Officers

The Head of Finance (Section 151 Officer) has provided the following comments:

Expenditure on the Capital Programme has slipped considerably in previous financial years, the effective monitoring and re-profiling of schemes is essential to enable us to more accurately project expenditure, the consequential need to borrow and the impact on the revenue budget. Project Managers and Service leads will be supported to improve financial monitoring and forecasting of expenditure.

The Monitoring Officer has no specific concerns with this report.

Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest, they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation

Recommendation

That the contents of this report are noted.

That Cabinet approves the virements proposed in this report

That all virements over £500k are recommended to Council for approval.

Reason for Recommendation

To report on the Capital Outturn position for the 2019/20 financial year.

To ensure appropriate virements, are carried out to align budgets and financing requirements.

Relevant Policy(ies)

Within Policy - Yes

Financial Regulations

Within Budget - N/A

Relevant Local Member(s)

N/A

Person(s) to Implement Decision

Jane Thomas

Decision Implementation Date

Ongoing

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